



<b>Company</b>	Monadelphous Group Limited
<b>Code</b>	MND
<b>Meeting</b>	AGM
<b>Date</b>	Tuesday 1 November
<b>Venue</b>	University Club WA
<b>Monitor</b>	Derek Miller/Geoff Corrick

<b>Number attendees at meeting</b>	62 shareholders
<b>Number of holdings represented by ASA</b>	132
<b>Value of proxies</b>	\$7.0m
<b>Number of shares represented by ASA</b>	430,835 (0.46%)
<b>Market capitalisation</b>	\$1,569m
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with chair John Rubino

## Creating a more sustainable business

MND has changed significantly over the last few years with Maintenance and Industrial Services growing to more than half of the total business. This provides a solid recurring revenue base. In response to a shareholder question on lower earnings before interest, tax, depreciation and amortisation (EBITDA) margins over the last few years, it was explained that Engineering and Construction work has provided higher margins in the past, but risk in this segment is higher. In the Maintenance and Industrial Services segment margins are lower, but the risk is less and revenue more stable. This to a large extent explains the drop off in margins over the last few years, but to a more sustainable business. Other factors in the margin issue are higher levels of market competition, and customer expectation of cost competitive delivery.

The Chair indicated that they are experience improved market conditions in the Resources and Energy sector, leading to a pipeline for future growth. The joint ventures Environ and Mondium have gone from strength to strength.

New major contracts include:

- 1) BHP South Flank, two contracts \$200m
- 2) Rio Tinto West Angelas (\$100m)

- 3) Albemarle Lithium tailings retreatment plant
- 4) General maintenance contract for BHP (\$240m)
- 5) Rio Tinto 3-year rail services contract (\$60m)

As an entry into Chile, MND has acquired 75% of Chilean construction and maintenance services contractor Buildtek. It employs 700 people and customers include BHP, Codelco, Albemarle, and Anglo America. This acquisition is a significant part of the market growth strategy for MND and is with major Chilean mining companies.

ASA commented on the remuneration report as one of the easiest to understand and not complex. There is just one component of the COMBINED REWARD PLAN which combines both short- and long-term components. This year, all payments were paid in shares that vest over 3 years. There were no cash rewards this year although the plan allows up to 25% cash. The plan gives realistic results for both executives and senior employees and shareholders. Dividends were down this year as were bonus payments.

There were six non-contentious resolutions. ASA voted FOR all resolutions, and all received 96% to 98% vote FOR.

Potential industry risks appear to be in the Mongolia project of Rio Tinto and in the current price issues in the lithium market. The annual report does not include specific risk section. ASA asked if this because there are no significant risks.